

(2) The Governor in Council, from time to time and for each period as he may deem desirable, may suspend the operation of the next preceding subsection and remove such suspension.

Power to suspend

(3) On the day on which the Bank is authorized to commence business the Minister shall transfer to the Bank (a) gold held by the Minister for redemption of Dominion notes;

Gold and securities to be transferred to the Bank

(b) silver held by the Minister for redemption of Dominion notes valued at the market price of the fine silver content thereof;

(c) securities of the Dominion of Canada bearing interest at three per centum per annum payable half-yearly and having a maturity not exceeding five years, valued at par;

to the extent of Dominion notes outstanding on that day, except notes issued under the authority of the Finance Act.

(4) On and after the day on which the Bank is authorized to commence business the Bank shall be responsible for the redemption of all Dominion notes then issued and outstanding and such notes shall be and continue to be legal tender.

(5) On the day on which the Bank is authorized to commence business, the chartered banks shall repay all advances then outstanding under the Finance Act.

Repayment of advances under Finance Act

(6) The Minister for the purposes of paragraph (c) of subsection three of this section is authorized to issue securities under the provisions of The Consolidated Revenue and Audit Act, 1881, and payment of the principal of such interest on such securities shall be made out of the Consolidated Revenue Fund.

Power to issue securities

RESERVE

23. (1) The Bank shall always maintain a reserve as hereinafter provided, as security against its outstanding notes and deposit liabilities.

Reserve

(2) The reserve required by this section to be maintained shall consist—

Reserve to be maintained

(a) gold coin and bullion in the unencumbered ownership of the Bank to the amount of twenty-five per centum of the notes and deposit liabilities provided;

(b) silver bullion converted into the Bank under the same preceding section or purchased with the sale proceeds of some other lawfully valued at the market price of the fine silver content thereof; and

(c) foreign securities which shall mean—

(i) balances with the Bank of England, the Bank for International Settlements, banks in the city of New York approved by the Board and a central bank in any country whose currency by law and in fact is convertible on demand at a fixed price into exchangeable gold;

Foreign securities

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